

LOAN INFORMATION FOR PARENT BORROWERS

Federal PLUS Loans

1. Federal PLUS loans allow parents with **good credit histories** to borrow for the purpose of paying for their dependent children's education. Lenders are required by federal regulations to **deny** loan approval to parent borrowers with adverse credit histories.

"**Adverse credit**" is defined as delinquency of 90 or more days on outstanding debts* as of the date of the credit report or **within the last 5 years** (unless otherwise noted) preceding the date of the credit report a history of:

- | | |
|--|---------------------------------------|
| a. Collection account (2 years) | h. County, state, or federal tax lien |
| b. Charge-off (2 years) | i. Credit line involuntarily closed |
| c. Repossession | j. Foreclosure or proceedings |
| d. Wage garnishment | k. Lease contract ended by default |
| e. Chapter 7, 11, 12, or 13 bankruptcy | l. Defaulted student loan |
| f. Voluntary surrender | m. Deed in lieu of foreclosure |
| g. Government claim on secured real estate | |

*the amount of delinquency is greater than a threshold established and adjusted annually to inflation (\$2085 in 2015).

2. If a Federal PLUS loan is **denied** by a lender, the parent borrower should recognize that there may be **limited financial aid resources** available through the school for refinancing. A denial can, therefore, jeopardize a student's continued enrollment in school. However, the borrower may appeal the decision and/or obtain an endorser in an attempt to obtain approval. A borrower approved under these circumstances will be required to complete (online) loan counseling.
3. When the loan is approved, the borrower will receive a Notice of Loan Guarantee and Disclosure Statement which identifies loan amounts, fee amounts, disbursement dates, interest rate, due dates, and late charges.
4. A Federal PLUS borrower generally must make the first payment upon the final loan disbursement of the academic year. But, **a grace period can be received, if requested for these loans.**
5. Should an approved parent borrower apply for an additional Federal PLUS loan, the lender will repeat the initial credit check process, reviewing the borrower's credit history at that date, particularly if 180 days have passed since the previous credit check. A borrower who is delinquent in making payments on the first loan will be denied the second loan.

I have read the above and understand the reasons for and ramifications of a Federal PLUS loan denial.

Parent Borrower's Signature

Date

(Rev. 03/29/15)